MONTANA LEGISLATIVE HISTORY

Chapter 305 19 81

Bill H _____ S 382 Original bill & history ___C

H. Committee on Local Government		S. Committee on Taxation	
Hearing Date(s) Mar24	✓C	Hearing Date(s) Feb 18	✓C
_____	___C	Mar09	✓C
_____	___C	_____	___C
_____	___C	_____	___C
Date Out Mar24	✓C	Mar09	✓C

Did this bill originate in an interim committee? ___Yes ___No

Committee _____ Report _____

STATUS SHEET

LOCAL GOVERNMENT COMMITTEE

47th Legislature (1981)

Bill No.	Subject Matter	Date In	Sponsor	Hearing Date	Committee Action	Date Ou
SB 96	To provide funds for special improvement district revolving funds by	3/18	Fred Van Valkenburg	3/24	AS AMENDED BE CONCURRED IN	3/26
SB 382	Clarifying and revising the issuance and payment of special improvement district and rural special improvement district bonds	3/18	Jean Turnage	3/24	BE CONCURRED IN	3/24
SB 291	To authorize loans from rural special improvement district revolving fund to fund emergency repairs in a rural special improvement district.	3/21	Tom Hager	3/26	BE CONCURRED IN	3/2
HJR 60	A joint resolution of the Senate and the House requesting an Interim committee study of possible resolutions to the problems of large urban areas without infringing on rural interests	3/30	James Azzara	April 2	DO PASS	4/2
HJR 61		3/30	Steve Waldron	TRANSFERRED TO	TAXATION COMMITTEE	

Form CS-32
1-79

SB 382 Sponsored by Sen. Jean Turnage.

SENATOR TURNAGE representing District 13, said that SB 382 is one of two which Sen. Norman and he introduced. The other bill was killed in Senate Taxation. This bill didn't get anywhere in the last session so we're trying again this year. The whole issue involves special improvement district bonding in Montana. If there isn't some concern addressed to SID bond financing, I'm afraid we'll have all the counties and cities getting into the action. We'll have every square foot mortgaged to a point where I don't know if the people will be able to stand it.

An SID bond is, as a practical matter, a general obligation, even though that is denied in the court decision and by the opponents of that particular funding activity. The original SID funding was intended to help those municipalities and counties put in such things as water, a sewer line or a street for a developed, built up area, not a raw land subdivision. Money is not available for subdivision development so thay have gone to this method to finance raw land subdivisions. The people generally don't realize that their entire country or municipality is under the mortgage. If they did realize this, there would probably be some concern and distress. So far there haven't been too many problems but I think as the economy struggles to keep its chin above water, there will be some trouble, especially if we keep financing these projects without limitation as to interest on them. We're going to get those mortgages so expensive that they can't be repaid.

When a SID is created without any input from the people, they set up a fund for that SID. They can levy a tax against all the people of the city to front-end money the fund and there is no limitation on the mill levy that can be used to feed the revolving fund. Loans can be made out of that fund and transfers can be made in and out with mill levy money without limitation on the mills. It is a real neat method of financing for those who benefit from it, but not so good for the city taxpayers or the county.

As part of the bonding agreement, after the SID is approved by the governing body, there is an agreement entered into with the bonding company. The agreement is provided for in section 7-12-2182. Sen. Turnage then explained the bill section by section.

SEN. TURNAGE said he doesn't really object to SID financing but he does object to the people not being told what the name of the game is and not having any input or right to object, which they don't have. They can reelect their city councilmen or commissioners, but that is their only recourse. This is a

dangerous thing and will become more dangerous because the lack of funds will bring more and more pressure on this particular method of financing. I don't think we should shut them off, but everything should be up front where everybody can understand it.

This bill will be bitterly opposed because it limits the amount of the fund to 5% of the outstanding bonds. As I told you, there is no limit now. I'm sure it is an abuse of the taxpaying public. I feel judgment should be exercised in levying in the future. The only way you can do that is to let the governing bodies know what is happening. I submit to you that there are many people on these boards that simply don't understand this. I don't care what you do with the bill, but I'd like to have you put in RED LETTERS on everybody's doorstep that this SID can be dangerous to your property.

All this bill does is require some taxpayer approval, but that was killed in the Senate.

PROPONENTS FOR SB 382.

BRUCE MacKENZIE with D.A. Davidson said he will simply say they support the bill as amended. We think it will help to cure some of the abuses that have occured in the past with SID bonds. We would be happy to work with Sen. Turnage or any other individual in the future on working toward legislation which would cure some of the other problems he has addressed. He goes a little further than we would in talking a about it, but we do think there are some things which can be done to cure some of the abuses.

REP. SALES said this is such a mild mannered little approach to the problem you just can't help but be a proponent of it. I must tell Jean that I had two bills in here which would have done away with the revolving fund altogether, which of course is a radical way of doing it. But this is a very mild approach to what is a very severe problem coming up. I hope that somebody takes Bruce up on his offer and does a lot of work in reviewing what is actually being done across the country and try to come up with something which can be presented to the next session to provide a little bit of protection.

CHAIRMAN BERTELSEN asked if there were any other proponents. As there were none, he asked if there were any opponents. As there were none, he asked Sen. Turnage if he'd like to close.

SENATOR TURNAGE said he'd answer any questions.

QUESTIONS FROM COMMITTEE MEMBERS:

CHAIRMAN BERTELSEN said he was under the impression there is some action on the federal level to curtail the use of these bonds.

SEN. TURNAGE said their approach, as he understands it, would be to deny the tax deduction. Presently municipal bonds are non-taxable for income tax purposes.

CHAIRMAN BERTELSEN asked if there is actually a limit on the number of bonds that a city or county can issue based on the value of the city or county, or is it all based on the value of the project, or is it on neither?

SEN. TURNAGE said on neither. The general obligation bond statute has a limitation of so much of the valuation. Somehow they managed to get the Court to decide that these are not general obligation bonds and therefore didn't apply. I can't follow that reasoning because the bottom line is that there was no city or county to contest this. To answer your question, there is no limit on the amount of the bonds, on the interest paid on the bonds and the project is mortgaged as Class A collateral and the rest of the city is Class B. But more importantly the pocketbook of the taxpayer is pledged as really the umbrella of the whole thing.

CHAIRMAN BERTELSEN asked Bruce MacKenzie if he has a comment on this?

BRUCE MacKENZIE said the only thing he can say is that since 1973 there has not been an interest rate limitation on SID bonds as a result of the case of the State, cities and towns versus D.A. Davidson and Company. In that case the Supreme Court held that there was no limit on SID bonds.

CHAIRMAN BERTELSEN commented that what you're really saying is the Legislature has really changed them?

BRUCE MacKENZIE said no.

CHAIRMAN BERTELSEN asked if there were further questions. As there were none, he closed the hearing on SB 382.

REP. HANNAH asked if he could discuss what happened in subcommittee on SB 362. He said he met this morning with REP. ANDREASON, as REPS. DUSSAULT and KESSLER were out of town. As a result of that meeting, I'm going to have to get together with the subcommittee and DAVE WANZENREID to try and work out the multitude of problems which have to be addressed. I don't think all of them can be addressed in this bill but it might be a step in the right direction. Mr. Wanzenreid did print out 5 points that

were the result of our discussion as to some of the problem areas he saw. He is not trying to schuttle the bill but is responding to our request to try and answer some of the questions which were raised so I'll hand them out and let the committee members look at them. If you have any questions or problems after reading this, contact me, Mr. Wanzenreid, or Reps. Kessler and Dussault so we might have a better opportunity in subcommittee to incorporate them into the language of the bill.

CHAIRMAN BERTELSEN said he thinks this a very good idea. We'll find it isn't as easy to disincorporate a city as we thought.

CHAIRMAN BERTELSEN said he needs someone to carry SB 399 on the floor. This is the bill sponsored by Sen. Manley which was drastically amended. Perhaps I can get Rep. Gould to take it as he had some interest in it. There were no volunteers.

CHAIRMAN BERTELSEN said Lee will pass out the grey bill for SB 50 which is the salary bill. We won't act on it today, but I want everyone to have a copy to study.

EXECUTIVE ACTION:

SB 382 Sponsored by Senator Jean Turnage.

REP. ANDREASON said he has a question and wanted to ask Lee about it, having to do with amending the same section in an incompatible manner. We are looking at SB 96 and 382 which are doing essentially a similar type of thing.

LEE HEIMAN said he has listed the places where they conflict. Sen. Turnage's bill in section 7-12-4227 strikes the words, "the amount which the council deems" and in Sen. Van Valkenburg's SB 96 he uses those on both sides of the amendatory language which he puts in. I think this is a technical amendment which I can work out with the two sponsors if both bills pass.

SB 382

REP. SWITZER moved that SB 382 BE CONCURRED IN.

As there was no discussion, the question was called. All in favor of concurring with SB 382, say "aye". All committee members present voted "aye" and the MOTION CARRIED. SB 382 received a BE CONCURRED IN recommendation.

SB 221 Sponsored by Senator Van Valkenburg

REP. SALES moved that the Senate amendment on SB 221 be amended out.

The amendments to SB 221 are as follows:

1. Page 6, lines 7 and 8.
Following: "payable"
Strike" "AS FOLLOWS:
(A) "ONE-HALF OF SUCH TAXES SHALL BE PAYABLE"

2. Page 6, lines 15 through 19.
Following: line 14
Strike: subsection (B) in its entirety

QUESTION ON THE AMENDMENTS:

All in favor of Rep. Sales' amendment, say "aye". As no one was opposed, the motion carried and SB 221 received an AS AMENDED BE CONCURRED IN recommendation.

REP. SALES will carry this bill.

SB 96 Sponsored by Senator Fred Van Valkenburg

CHAIRMAN BERTELSEN said this is the act to provide funds for special improvement district revolving funds by allowing 5% of the improvement cost to be an initial incidental expense to be deposited in the revolving fund.

REP. BERGENE asked if there is any kind of tie up between SB 96 and 382.

LEE HEIMAN said he doesn't see anything. They both do different things. I did check through the amendments and I didn't see anything except a conflict of wording.

REP. PISTORIA said it seems to be the opinion of all of us to go back to "and", and eliminate "or" on line 10 of page 2.

REP. PISTORIA moved the above amendment.

QUESTION ON AMENDMENT: All in favor of the amendment say "aye". All present replied "aye" and the MOTION on the amendments CARRIED.

REP. BERTELSEN said he has received an amendment which he'd like to read to provide a payback in a little different manner. It says:

NEW SECTION. SECTION 4. DISPOSAL OF FUNDS DEPOSITED IN REVOLVING FUND. "The amount of funds deposited in the revolving fund under 7-12-4169 (2) less the amount of any outstanding loans to the district fund and less any interest earned on such funds shall

HOUSE Local Government COMMITTEE

BILL Senate Bill 382 Date Mar 24, 1981

Sponsor Jean Turnage 12:30 p.m.

NAME	RESIDENCE	REPRESENTING	SUPPORT	OPPOS
Bill Verwolf	Helena	City of Helena		X
[illegible]	[illegible]	[illegible]		X
[illegible]	[illegible]	City of Missoula		X
[illegible]	[illegible]	[illegible]	✓	
Bruce MacKenzie	Great Falls	D. A. Davidson & Co		
[illegible]		H.D.G.	—	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

47th LEGISLATIVE SESSION

SENATE BILLS COMMITTEE ON TAXATION

BILL NO.	ENTERED COMM.	DATE CONSIDERED	OUT OF COMM.	DO NOT PASS DATE	DO NOT PASS DATE	DO PASS AS AMEND. DATE	BE CONCURRED IN DATE	BE CONC. IN AS AMENDED DATE	BE NOT CONCURRED IN DATE
337	1-30-81	2-12-81		3-21-81					
339	1-30-81	2-13-81	Tabled	3-31-81					
344	2-02-81	2-17-81				4-04-81			
345	2-02-81	2-18-81				2-24-81			
355	2-03-81	2-16-81		3-26-81					
356	2-03-81	2-16-81				3-28-81			
358	2-03-81	2-18-81			3-06-81				
361	2-03-81	2-19-81		3-05-81					
372	2-05-81	2-19-81	Laid on	the table	3-21-81				
382	2-06-81	2-18-81				3-09-81			
383	2-06-81	2-18-81		3-06-81					
384	2-09-81	2-20-81			3-21-81				
408	2-09-81	2-20-81	Tabled	3-19-81					
409	2-23-81	3-02-81				3-14-81			
412	2-10-81	2-20-81		2-21-81					
423	2-11-81	2-20-81	Tabled	3-21-81					

(Use Separate Sheet for Senate, House Bills, and Resolutions)

EXTEND WITHIN OR OUTSIDE CITY BOUNDARIES, RESPECTIVELY, UNDER CERTAIN CIRCUMSTANCES; AMENDING SECTIONS 7-12-2102 AND 7-12-4102, MCA."

Sen. Halligan said this bill would allow city or rural SID's to extend outside city boundaries curing a duplication problem and providing a practical approach to providing services with a minimum of costs.

PROPONENTS:

Tom Crowley, Missoula County Engineer, said a problem is created that whenever there is an improvement district the rural SID cannot extend into the city even though the city is inside the county. There were no further proponents and no opponents, so questions were called for from the committee.

Sen. Elliott had a question concerning the majority situation. He said he knew it was true that in creating a SID you are bound by the number creating it, but in paragraph 2 of the bill the city commissioners may include "inside or outside". He wondered if that shouldn't be changed to 60% so that people outside the creating district would have 60% approval. Sen. Halligan said if the subcommittee wanted to set an actual percentage when considering the bill, it was all right with him. This bill will go to the subcommittee for further consideration.

CONSIDERATION OF SENATE BILL 358:

"AN ACT DEFINING THE AUTHORITY OF THE BOARD OF COUNTY COMMISSIONERS TO CREATE RURAL SPECIAL IMPROVEMENT DISTRICTS THAT FUND IMPROVEMENTS ON UNDERDEVELOPED AND UNOCCUPIED PARCELS OF LAND THAT ARE BEING SUBDIVIDED; AMENDING SECTION 7-12-2102, MCA."

Sen. Turnage said the bill, sponsored by Sen. Norman and himself, is an attempt to place some constraints upon the use of SID financing. Up until about 6 years ago there wasn't too much concern about SID financing because enough money was available. The intent of this bill is to prevent a one-ownership or limited-owner development of raw land into a subdivision for residential or other purposes from developing where bonds would be a general obligation against the entire city or county. SB 358 is an effort to see that raw-land subdivision is not going to necessarily be developed. New language saying "thickly populated locality" in section 1 refers to the proposed SID at the time of petition and does not refer to the general area where SID would be located. He felt the effort should be made to have a developer put his own money on the line rather than using general obligation bonds from the town. Because Senate Bill 382 is a furtherance of this bill, Senator Turnage presented it next.

CONSIDERATION OF SENATE BILL 382:

"AN ACT TO CLARIFY AND REVISE THE ISSUANCE AND PAYMENT OF SPECIAL IMPROVEMENT DISTRICT AND RURAL SPECIAL IMPROVEMENT DISTRICT BONDS; CLARIFYING THAT THE BONDS ARE NOT GENERAL OBLIGATION BONDS; CLAR-

IFYING THAT THE REVOLVING FUND MAY NOT EXCEED 5 PERCENT OF THE OUTSTANDING BONDS; AND REQUIRING THAT THE VOTERS APPROVE ANY AGREEMENT CONCERNING THE REVOLVING FUND MADE IN CONNECTION WITH A BOND ISSUE; AMENDING SECTIONS 7-12-2170, 7-12-2182, 7-12-2185, 7-12-4202, 7-12-4222, AND 7-12-4225, MCA."

Sen. Turnage said the first part of the bill amends rural aspect and the second the city. The amendment on page 4 amending 7-12-2182 says the balance in the revolving fund may not exceed 5% of the then outstanding rural district bonds and warrants, keeping the revolving fund lean. He felt general obligation bonds were being passed without a vote of the people by calling them rural or SID bonds. He said he would accept an amendment that would state a 9% bond limitation on counties and cities.

OPPONENTS:

John Nesbo, Toole County Commissioner.
Sen. Crippen, District 33, spoke in opposition to both bills as he feels the only vehicle available today to developers, in light of high interest rates, is a SID. He thought many things were required of a developer before he can come in and that that price would triple if a developer had to go to a bank and borrow at 18%. He felt the SID system of financing would be effectively destroyed when financing is critical and would cause a no-growth situation.

Bruce MacKenzie, D. A. Davidson, felt the amendments in sections 3 and 6 would impair the ability of counties and cities to use revolving funds as security for improvement district bonds and would effectively remove the use of revolving funds altogether. He felt Senate Bill 96 provides that the revolving fund for cities could be capitalized directly from bond proceeds, rather than resorting to the general ad valorem tax. Senate Bills 280 and 42 would impose penalties on those delinquent in their assessment payments at a rate which would encourage payment or borrowing from a source other than the revolving fund. He thought the above bills would enhance the improvement district bonds, rather than effectively eliminate the method of financing, Attachment #4.

Tom Crowley, Missoula, said they request developers to put up money for escrow and, if they become delinquent, they pay for it. Sen. Crippen said there is a bill proposed that would require 5% up front of the total amount of the district. Sen. Turnage agreed that that approach is what the bill is tending toward and that the bill wasn't intended to stop SID financing, but only to make it more difficult. The hearing was closed on Senate Bills 358 and 382 and they were referred to the subcommittee.

DISPOSITION OF SENATE BILL 279:

Sen. Towe moved that SB 279 be given a DO PASS. The vote was unanimously in favor of the motion.

DISPOSITION OF SENATE BILL 231: Sen. Elliott moved amendment language for the bill and it passed unanimously. He then made a motion that the bill

ROLL CALL

TAXATION COMMITTEE

47th LEGISLATIVE SESSION - - 1981 Date 2/18/81

NAME	PRESENT	ABSENT	EXCUSED
Goodover, Pat M., Chairman	✓		
McCallum, George, Vice	✓		
Brown, Bob	✓		
Brown, Steve		✓	
Crippen, Bruce D.	✓		
Eck, Dorothy	✓		
Elliott, Roger H.	✓		
Hager, Tom	✓		
Healy, John E. "Jack"	✓		
Manley, John E.	✓		
Norman, Bill	✓		
Ochsner, J. Donald	✓		
Severson, Elmer D.	✓		
Towe, Thomas E.	✓		

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Corporate Office:
Davidson Building
Great Falls,
Montana 59401

Members:
Midwest Stock Exchange Inc.
Pacific Stock Exchange Inc.
Securities Investor Protection Corp.

February 17, 1981

Senate Taxation Committe
Capitol Building
Helena, Montana 59601

Re: Senate Bill No. 382

Mr. Chairman and Members of the Committee:

D.A. Davidson & Co. opposes the amendments proposed by Senate Bill No. 382 on the grounds that such amendments are unnecessary, would severely impair the marketability of special improvement district bonds and would inhibit development of commercial and residential property within the State.

The amendments contained in Sections 1 and 4 of the bill are unnecessary since the Supreme Court has recognized since 1941 in the case of City of Havre vs. Henssen that special improvement district bonds for which a revolving fund is pledged do not constitute a debt of the issuing entity and therefore does not constitute a general obligation of that entity's taxing powers.

The amendments contained in Sections 3 and 6 of the bill would so impair and burden the ability of counties and cities to use revolving funds as security for improvement district bonds as to effectively remove the use of revolving funds altogether. D.A. Davidson & Co. underwrites approximately 90% of all improvement district bonds issued within the State. Without the revolving fund Montana Improvement District Bonds would not be purchased by D.A. Davidson & Co. due to the fact that if a property owner were to fail to pay an assessment, the bonds would default. The rationale for our refusal to purchase is based on the fact that there is no other source of funds to cure such a delinquency and there can be no resort to the property of the delinquent taxpayer for more than three years.

Without tax-exempt financing of the development of property, conventional higher cost financing must be used. As a result the property will either remain undeveloped, only partially developed or the higher cost will be passed on to the purchaser. This impairs development and growth in the State which, in our opinion, is contrary to the State's best interest.

Finally, it is our opinion that there has been introduced legislation which would strengthen Improvement District Financing, provide funds to the revolving fund without resort to the general taxpayer and penalize abuses of the revolving fund concept. Senate Bill No. 96 provides that the revolving fund for cities could be capitalized directly from bond proceeds rather than resorting to the general ad valorem tax. Senate Bills No. 280 and 42 would impose penalties on those who are delinquent in their assessment payments at a rate which would encourage payment or borrowing from a source other than the revolving fund. These Bills would enhance the improvement district bonds rather than effectively eliminate the method of financing.

We respectfully request a do not pass recommendation on Senate Bill No. 382.

Sincerely,

Bruce A. MacKenzie
Vice President & General Counsel

BAM:als

Towe: What happens is that at the last payment we will pull out their $5,000 out of the fund and then you don't have to assess the property owners as much. Senator Towe moved that the amendments be adopted with this change and modification: On the new section, Section 4, disposal of bonds proceeds deposited in the revolving fund. I suggest striking "the proceeds of the issuance of bonds and warrants that are" and would insert "any sum, without interest" and then after figure (2) "less the amount of any loan made to the district fund which has not been repaid."

The amendments were carried unanimously. Senator Towe then moved the amendments as amended to the bill.

He then explained what the amendments do:

The bill as it is before you un-amended would allow the governing body to require 5% of the amount of the bond to be put in the revolving fund and will further allow that sum to be added in the bonding amount. Question was raised whether after bonds are all paid, shouldn't we give that money to the people who put it up? We have done that by going into that section of the code which says any excess monies that are in the revolving fund can be transferred to the city's general fund. We had to go into that and provide that these monies, this 5%, are not excess funds so cities cannot get at them. Section 4 then provides that any sum without interest that is deposited pursuant to the new material on page 1 shall be returned less any amount they used of the revolving fund because they needed it to pay off bonds that shall be returned to the property owners be used for the last payment or payments to the bond. Therefore, the assessments are reduced by the amount covered with this initial payment.

Senator Towe moved the amendments to the bill. The motion carried unanimously. Senator Towe then moved that SB 96 be given a DO PASS, AS AMENDED. The motion carried unanimously.

DISPOSITION OF SENATE BILL 382

AN ACT TO CLARIFY AND REVISE THE ISSUANCE AND PAYMENT OF SPECIAL IMPROVEMENT DISTRICT AND RURAL SPECIAL IMPROVEMENT DISTRICT AND RURAL SPECIAL IMPROVEMENT DISTRICT BONDS CLARIFYING THAT THE BONDS ARE NOT GENERAL OBLIGATION BONDS CLARIFYING THAT RESTRICTING THE LEVYING OF A TAX TO PROVIDE FUNDS FOR THE REVOLVING FUND TO INSTANCES WHEN THE REVOLVING FUND TO INSTANCES WHEN THE REVOLVING FUND DOES NOT EXCEED 5 PERCENT OF THE OUTSTANDING BONDS; REQUIRING THAT FUNDS IN THE REVOLVING FUND MAY NOT BE TRANSFERRED TO THE GENERAL FUND IF THE BALANCE IN THE REVOLVING FUND IS LESS THAN 5 PERCENT.

Cort presented two pages of amendments which he went through for the benefit of the committee. Senator Towe moved that SB 382, be given a DO PASS, as amended. Motion carried, with Senators Bob Brown and Manley dissenting.

Senator Severson presented a proposed committee bill for sponsorship. He said the bill becomes necessary with the passage of Senate Bill 47. This was not an oversight by the Livestock Department because they thought they could handle the problem through the appropriations process. With the passage of the livestock bill we have cut the Livestock Department in half, because they support their department with revenues which were reduced in SB 47.

Senator Manley said two years ago something was passed to do with livestock to cut taxes and the Dept of Revenue raised valuations. When they did that, they also doubled the amount of money coming to the department. He asked if Senator Severson had any information on what money was in that department two years ago and then what it brings in with the revaluation.

Senator Towe concurred with Senator Manley's point, but thought that the bill should be prepared as a possible committee bill first before any discussions were held on the questions raised.

Senator Severson said he will furnish what it was in the 1979 action and find out what mill levies are at the present time.

Senator Severson then moved that the proposed committee bill be passed with an amendment to create an effective date on the passage and upon signature of the Governor on SB 47.

The motion was carried to adopt Senator Severson's proposed bill as a committee bill.

Senator Goodover announced that HJR 5 considered this morning had been taken out of the Taxation Committee because it didn't belong here. HJR 5 is a House Resolution and the committee was suspending the rules to get it introduced. To introduce this bill you have to get up on the floor to suspend the rules to sponsor a committee bill.

The meeting was adjourned at 5:30 p.m.

Pat M. Goodover

PAT M. GOODOVER, CHAIRMAN

ROLL CALL

TAXATION COMMITTEE

47th LEGISLATIVE SESSION - - 1981 Date 3/09/81

NAME	PRESENT	ABSENT	EXCUSED
Goodover, Pat M., Chairman	✓		
McCallum, George, Vice	✓		
Brown, Bob	✓		
Brown, Steve		✓	
Crippen, Bruce D.	✓		
Eck, Dorothy	✓		
Elliott, Roger H.	✓		
Hager, Tom	✓		
Healy, John E. "Jack"	✓		
Manley, John E.	✓		
Norman, Bill	✓		
Ochsner, J. Donald	✓		
Severson, Elmer D.	✓		
Towe, Thomas E.	✓		

Each day attach to minutes.

March 9 19 81

MR. PRESIDENT:

We, your committee on TAXATION

having had under consideration Senate Bill No. 382

Respectfully report as follows: That Senate Bill No. 382

be amended, as follows:

1. Title, line 7.
Following: "OBLIGATION BONDS;"
Strike: "CLARIFYING THAT"
Insert: "RESTRICTING THE LEVYING OF A TAX TO PROVIDE FUNDS FOR THE REVOLVING FUND TO INSTANCES WHEN"

2. TITLE, line 8.
Following: "FUND"
Strike: "MAY"
Insert: "DOES"

3. TITLE, line 9.
Following: "BONDS;"
Strike: remainder of the text through "WITH A BOND ISSUE" on line 11.
Insert: "AND REQUIRING THAT FUNDS IN THE REVOLVING FUND MAY NOT BE TRANSFERRED TO THE GENERAL FUND IF THE BALANCE IN THE REVOLVING FUND IS LESS THAN 5%"

DOXRASEX

(CONTINUED)

Chairman.

STATE PUB. CO.
Helena, Mont.

4. TITLE, line 12.
Following: line 11
Strike: "7-12-2185"
Insert: "7-12-2186"
Strike: "7-12-4225"
Insert: "7-12-4227"

5. Page 4, line 13.
Following: "fund"
Strike: remainder of the sentence.
Insert: "However, a tax may not be levied if the balance in the revolving fund exceeds 5% of the principal amount of the then outstanding rural special improvement district bonds and warrants. If a tax is levied, the tax may not be an amount that would increase the balance in the revolving fund above 5% of the then outstanding rural special improvement district bonds and warrants."

6. Page 4.
Strike: lines 17 through 19.
Renumber: subsequent subsections.

7. Page 5.
Strike: Section 3, lines 5 through 25.
Insert: "Section 3. Section 7-12-2186, MCA, is amended to read:
"7-12-2186. Utilization of excess money in revolving fund. Whenever there is in the revolving fund an amount in excess of the ~~amount which the board deems~~ 5% of the then outstanding rural special improvement district bonds and warrants and the board considers any part of the excess to be greater than the amount necessary for payment or redemption of maturing bonds or warrants or interest thereon, the board may order ~~such excess~~ the amount the board considers greater than the amount necessary or any part thereof transferred to the general fund of the county.""

8. Page 8, line 21.
Following: "fund"
Strike: remainder of the sentence
Insert: "However, a tax may not be levied if the balance in the revolving fund exceeds 5% of the principal amount of the then outstanding special improvement district bonds and warrants. If a tax is levied, the tax may not be an amount that would increase the balance in the revolving fund above 5% of the then outstanding special improvement district bonds and warrants."

9. Page 8.
Strike: line 25 on page 8 through line 3 on page 9.
Renumber: subsequent subsections.

10. Page 9, line 15.
Strike: section 6, lines 15 through 25 on page 9, and lines 1 through 14 on page 10.
Insert: "Section 6. Section 7-12-4227, MCA, is amended to read:

(CONTINUED)

Chairman.

STATE PUB. CO.
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"7-12-4227. Utilization of excess money in revolving fund. Whenever there is an amount in the revolving fund in excess of the ~~amount which the council deems~~ 5% of the outstanding special improvement district bonds and warrants and the council considers any part of the excess to be greater than the amount necessary for payment or redemption of maturing bonds or warrants or interest thereon, the council may:

(1) by vote of all of its members at a meeting called for that purpose, order ~~such~~ the amount of the excess that is greater than the amount necessary for the payment or redemption of maturing bonds or warrants or interest thereon or any part thereof transferred to the general fund of such city or town; or

(2) use ~~such~~ the excess that is greater than the amount necessary for the payment or redemption of maturing bonds or warrants or interest thereon or any part thereof for the purchase of property at sales for delinquent taxes or assessments, or both, or property which may have been struck off or sold to the county for delinquent taxes or assessments, or both, and against which property there then be any unpaid assessment for special improvements on account whereof there are outstanding special improvement district bonds or warrants of the city or town.""

And, as so amended,

DO PASS

PAT M. GOODOVER, Chairman.

STATE PUB. CO.
Helena, Mont.